Ref: SD/286/287/11/12/2026-27 23.09.2026

The Vice President **BSE Ltd.** **Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai - 400 001** **Scrip Code: 532483**	**The Vice President** **Listing Department** **National Stock Exchange of India Ltd** **Exchange Plaza** **Bandra-Kurla Complex, Bandra [E]** **Mumbai - 400 051** **Scrip Code: CANBK**

Dear Sir/Madam,

Sub: Ratings by CareEdge Global Ratings

Ref: Disclosure under SEBI (LODR) Regulations, 2015

The Stock Exchanges are hereby informed that CareEdge Global Ratings (Rating Agency) has assigned a 'CareEdge BBB+/Stable' rating to Canara Bank's USD 3 Billion Medium-Term Notes (MTN) programme vide their letter dated 23.09.2026.

Copy of the rating letter issued by CareEdge Global Ratings is enclosed herewith.

This is for information and records.

Thanking You,

SANTOSH KUMAR BARIK
Digitally signed by SANTOSH KUMAR BARIK
Date: 2026.09.23 16:51:18 +05'30'

Santosh Kumar Barik
Company Secretary

सचिवीय विभाग
प्रधान कार्यालय
112, जे सी रोड, बेंगलूरु - 560002
E-Mail - hosecretarial@canarabank.com

Secretarial Department
Head Office
112 J C Road, Bengaluru - 560002
www.canarabank.bank.in

F +91 80 22248831
T +91 80 22100250

'CareEdge BBB+/Stable' rating assigned to medium-term notes of Canara Bank

USD 3 billion medium-term notes^	**CareEdge BBB+/Stable**

^ The notes issued under the programme are expected to be senior and rank pari passu with the issuer's other senior debt obligations. The facility-specific rating would be evaluated based on the instrument features once these are finalised closer to the issuance.

CareEdge Global Ratings has assigned a 'CareEdge BBB+/Stable' to Canara Bank's USD 3 billion medium-term notes (MTN) programme.

Rating rationale

The rating assigned to Canara Bank factors in the benefits arising from its majority ownership by the Government of India (GoI; rated CareEdge BBB+/Stable 'Unsolicited'), which holds a 62.9% stake in the bank as of June 30, 2026. The bank's systemic importance as one of India's leading public sector banks (PSBs) with sizeable market share in domestic banking, high socio-political relevance, contagion risk, and strong public perception underscores the likelihood of strong, extraordinary sovereign support whenever required. The demonstrated history of capital infusion by the GoI into PSBs, along with Canara Bank's role in financial inclusion, results in its credit profile being equated to that of the sovereign.

The GoI has demonstrated strong and sustained support for PSBs through the Indradhanush framework, recapitalisation programmes and budgetary allocations, with total capital infusions amounting to Rs 3 trillion. During FY16-FY20, the GoI infused a cumulative equity capital of over ~Rs 214 billion into Canara Bank and Syndicate Bank, which was amalgamated with Canara Bank in 2020. Further, the GoI's majority stake, coupled with substantial board-level representation alongside the Reserve Bank of India (RBI), provides a high degree of oversight and control, thereby promoting institutional stability.

Canara Bank's core credit profile derives strength from its established domestic franchise, strong market position, diversified loan portfolio, comfortable capitalisation, and adequate liquidity and funding. Its extensive network in India especially in southern region and large customer base support a granular and increasingly retail-oriented portfolio. The amalgamation of Syndicate Bank in 2020 further strengthened the bank's scale, distribution reach and business franchise, while healthy capital buffers provide adequate headroom for future growth. The bank has witnessed a sustained improvement in asset quality, reflected in lower slippages, healthy recoveries, and adequate provisioning coverage. These strengths are tempered by moderate earnings, a current account savings account (CASA) ratio that remains lower than that of certain large peers, and residual credit risks arising from its exposure to the MSME and agriculture segments.

Outlook

The stable outlook for Canara Bank, in line with the Indian sovereign, reflects CareEdge Global's expectation of continued support from the GoI and the bank's strategic importance within the PSB framework. The rating outlook on Canara Bank will move in tandem with our outlook on India's sovereign rating.

Rating sensitivities

Upward factors

- Any upward revision in the sovereign rating or outlook of India by CareEdge Global

Downward factors

- Any downward revision in the sovereign rating or outlook of India by CareEdge Global
- Material dilution in support philosophy of the GoI or a significant decrease in its shareholding below the majority mark
- Significant deterioration in its capitalisation profile or asset quality on a sustained basis, indicating a weakening of systemic importance

Analytical approach

CareEdge Global has evaluated Canara Bank's business and financial risk profile on a consolidated basis, including its subsidiaries and associates, considering the business and financial linkages as well as the shared brand. CareEdge Global has equated Canara Bank's rating with the GoI's rating, using its criteria for rating government-related entities (GRE).

Key rating drivers

Strengths

Systemic importance and GoI ownership support assessment

As one of India's leading PSBs, Canara Bank plays a critical role in promoting financial inclusion and providing banking access to a broad customer base, including rural and semi-urban populations, through its extensive network of over 10,000 branches. As part of the PSB ecosystem, which accounts for nearly 55% of the country's banking assets, Canara Bank supports the GoI's policy objectives by facilitating credit flow to priority sectors such as agriculture, MSMEs, and infrastructure. PSBs also serve as important stabilising institutions during economic downturns through countercyclical lending, contributing significantly to the country's financial and economic stability.

Over the past decade, the GoI has undertaken several measures to strengthen PSBs, including recapitalisation support exceeding Rs 3 trillion during FY16-21, consolidation of 27 PSBs into 12 entities, and various governance and risk management reforms. Given the importance of PSBs within the financial system, their performance has a direct bearing on investor confidence and perceptions of financial sector stability. Consequently, the GoI has a strong incentive to provide timely support to these institutions when required. Furthermore, both the GoI and the RBI have historically demonstrated support for PSBs as well as private sector scheduled commercial banks (SCBs), with no instance of an SCB defaulting on obligations to depositors or lenders in India.

Canara Bank's majority government ownership reflects strong sovereign linkage and underpins the expectation of continued support under normal as well as stressed conditions. Distress at a PSB could have broader systemic repercussions, including adverse effects on market confidence and contagion risks across the financial system. Given Canara Bank's importance in the banking sector and the demonstrated willingness of the sovereign to support systemically important financial institutions, a strong expectation of sovereign support is factored into the credit assessment. Accordingly, the bank's rating incorporates a two-notch uplift for sovereign support.

Strong market position in the domestic banking sector with a diversified portfolio
Sizeable operations, a track record of ~120 years, and extensive reach have established Canara Bank's strong position among domestic PSBs. As of March 31, 2026, the bank accounted for over 5% of the Indian banking system's advances and deposits. Its significant scale is evidenced by consolidated total assets of approximately Rs 18.9 trillion as of March 31, 2026.

The bank benefits from a well-diversified distribution network across domestic and overseas markets, comprising over 10,000 branches and around 11,000 ATMs, supported by overseas operations through branches in New York, London, Dubai, and GIFT City. Its franchise strength and geographical reach were enhanced following the amalgamation of Syndicate Bank with Canara Bank effective April 1, 2020.

The loan portfolio is well diversified across RAM (retail, agriculture and MSME), and corporate segments. The bank has increasingly focused on the RAM segments, which constituted approximately 59% of domestic advances as of June 2026, supporting greater portfolio granularity and business diversification.

Comfortable capitalisation supported by strong internal accruals
Canara Bank's capitalisation profile is comfortable, with adequate cushion over the minimum regulatory requirements, supported by strong internal accruals over the past few years. As of March 31, 2026, the bank reported a capital adequacy ratio (CAR) of 17.0% (PY: 16.3%) and core equity tier 1 (CET-I) ratio of 12.8% (PY: 12.0%), both comfortably above the regulatory thresholds of 11.5% and 8.0%, respectively. Canara Bank intends to maintain at least 14% CAR on a steady state basis.

The bank's capital buffers, along with improving profitability, provide sufficient headroom to support business growth (estimated credit growth of 11-12%), while absorbing potential asset quality stress. Additionally, capitalisation has historically been supported by periodic equity infusions by the GoI under its recapitalisation programmes for PSBs. Capitalisation has also been supported by strategic monetisation of investments. In FY26, the bank divested part of its holdings in Canara Robeco Asset Management Company and Canara HSBC Life Insurance Company Limited, reducing its shareholding to 38.0% and 36.5%, respectively.

CareEdge Global notes that while the Indian banking sector is transitioning towards the Expected Credit Loss (ECL) framework effective April 01, 2027, Canara Bank is well positioned to absorb the estimated impact while maintaining capitalisation above its internal and regulatory thresholds.

Weaknesses

Improving yet moderate asset quality profile

The bank has demonstrated a sustained and broad-based improvement in its asset quality over the past five years. As of March 31, 2026, its gross non-performing asset (GNPA) and net non-performing asset (NNPA) ratios declined to 1.8% and 0.4%, respectively, from 7.5% and 2.7% as of March 31, 2022. This improvement was supported by contained fresh slippages, healthy recoveries and upgrades, and sizeable write-offs. The fresh slippage ratio has stayed below 1% in recent years, reflecting strengthened underwriting standards, tighter risk management practices, and a supportive operating environment. Over the past five years, the bank undertook cumulative write-offs of more than Rs 600 billion, while also recording recoveries of approximately Rs 480 billion. Although write-offs contributed meaningfully to the reduction in headline GNPA levels, the scale of recoveries indicates sustained resolution efforts.

The quality of the corporate loan portfolio has also strengthened steadily, with approximately 85% of corporate exposure rated 'A' and above as of March 2026, compared with 77% as of March 2022. An improvement in the corporate portfolio mix, together with low incremental slippages, supports the bank's credit risk profile.

Nevertheless, asset quality is exposed to vulnerabilities in certain segments, particularly micro, MSMEs and agriculture, which reported GNPA ratios of approximately 4.6% and 2.3%, respectively, as of March 2026. Borrower resilience in these segments is sensitive to the domestic operating environment, including economic growth, inflationary pressures, interest-rate movements, and monsoon variability. Asset quality could also face pressure from external factors such as geopolitical developments and elevated leverage among certain borrowers. Accordingly, the bank's ability to contain incremental slippages and manage credit risks in these segments while pursuing business growth will remain a key monitorable.

Moderate but resilient earnings profile[1]

Canara Bank's earnings profile is moderate but broadly comparable with large PSB peers. Its return on assets (RoA) remained stable at 1.08% in FY26, supported by steady business growth, higher non-interest income and lower credit costs, despite pressure on core spreads. Profitability is constrained by the bank's relatively modest CASA ratio of around 30% and its

[1] All profitability ratios are computed based on average total assets

greater reliance on term deposits. Consequently, the cost of funds remained comparatively high, while the faster repricing of advances relative to deposits led to a moderation in net interest margin (NIM) to around 2.1% in FY26. Nevertheless, the decline in credit costs to around 0.5% of average total assets in FY26 from 1.2% in FY22, supported by lower slippages and healthy recoveries, largely offset the pressure on margins. Operating expenses also remained stable at around 1.8% of average total assets.

The bank's profitability is expected to be broadly stable, supported by its improving asset quality, manageable credit costs, and comfortable provisioning coverage. Its focus on increasing CASA and retail deposits, replacing high-cost bulk deposits and mobilising FCNR(B) deposits should support funding diversification and margin stability over the medium term.

Liquidity

Canara Bank maintains an adequate liquidity profile, supported by its large retail deposit franchise, diversified funding base, and sizeable stock of high-quality liquid assets. The liquidity coverage ratio was approximately 115% as of June 2026, comfortably above regulatory requirements. Liquidity is reinforced by the bank's ability to tap systemic funding avenues, including the RBI's liquidity adjustment facility (LAF), marginal standing facility (MSF), repo against statutory liquidity ratio (SLR) securities, refinance from developmental institutions such as National Bank for Agriculture and Rural Development (NABARD), National Housing Bank (NHB) and Small Industries Development Bank of India (SIDBI), as well as the call money market. Additionally, given its sovereign ownership, the bank benefits from its ability to raise capital as well as access emergency support from the GoI.

Environmental, social, and governance (ESG) considerations

Canara Bank's ESG profile benefits from well-established environmental, social, and governance initiatives embedded within its operating framework.

From an environmental perspective, the bank has undertaken several green initiatives, including installation of solar rooftop systems across 165 owned properties with aggregate capacity exceeding 4,100 kWp, implementation of rainwater harvesting systems across feasible premises, gradual replacement of diesel generator sets, deployment of EV charging infrastructure and financing of renewable energy, rooftop solar, PM-KUSUM and electric vehicle projects. Based on disclosed data, scope 1 and 2 emissions were approximately 11,273 tCO_2 and 165,169 tCO_2, respectively, in FY26.

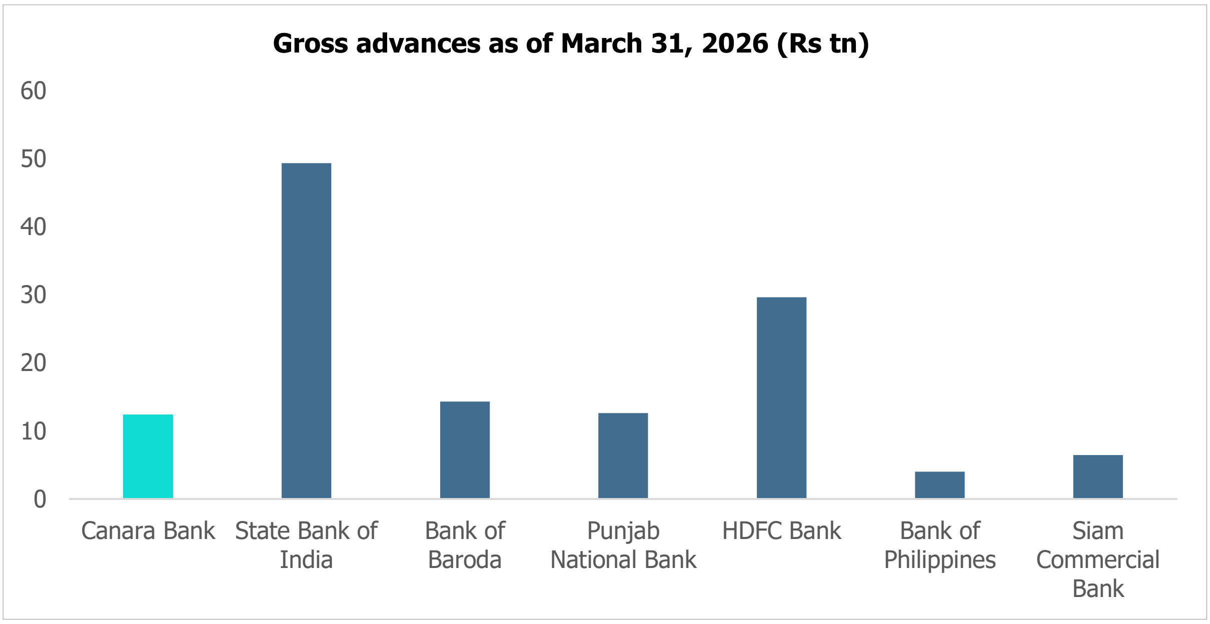
From a social perspective, the bank plays a significant role in financial inclusion through financial literacy centres, rural self-employment training institutes, priority sector financing, and development programmes. In FY26, the bank conducted over 2,300 awareness programmes and 662 training programmes, benefiting ~18,000 individuals. The bank also operates various social trusts and maintains initiatives aimed at employee welfare and women empowerment.

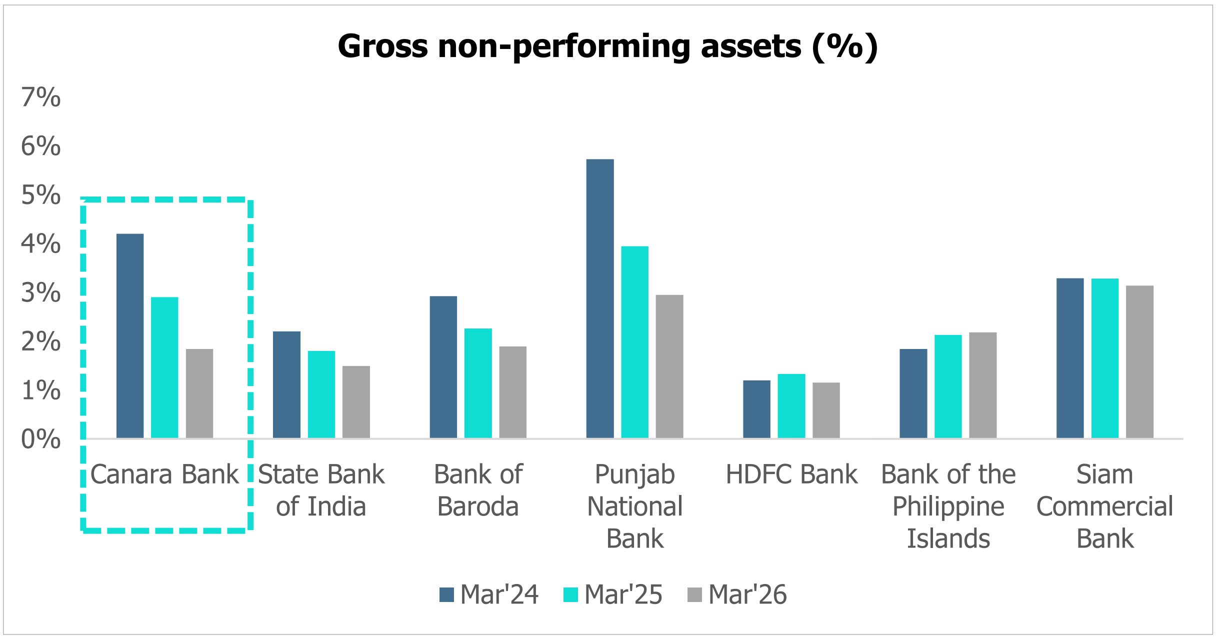
Governance standards are strengthened by majority ownership of the GoI, extensive regulatory oversight, and an experienced board. The bank has implemented a board-approved ESG policy, green deposit policy and lending framework, publishes annual sustainability disclosures, maintains dedicated ethics oversight, and has received recognition for adoption of ESG best practices. These factors collectively support Canara Bank's ESG profile.

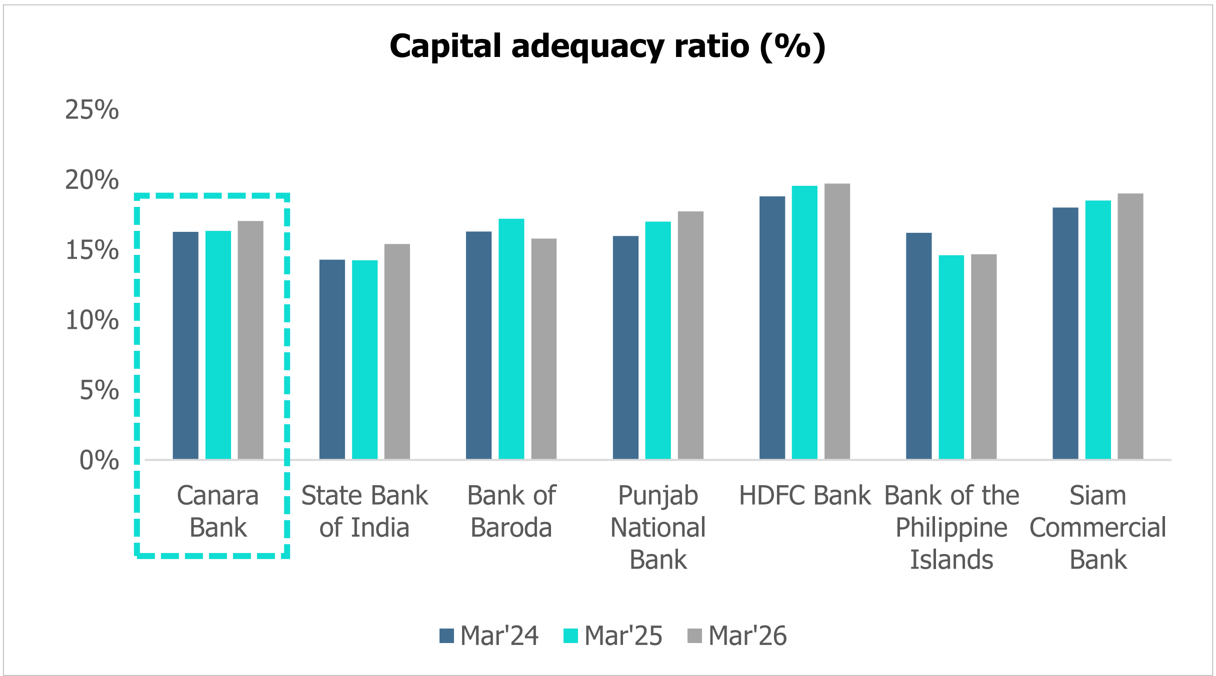
About the company

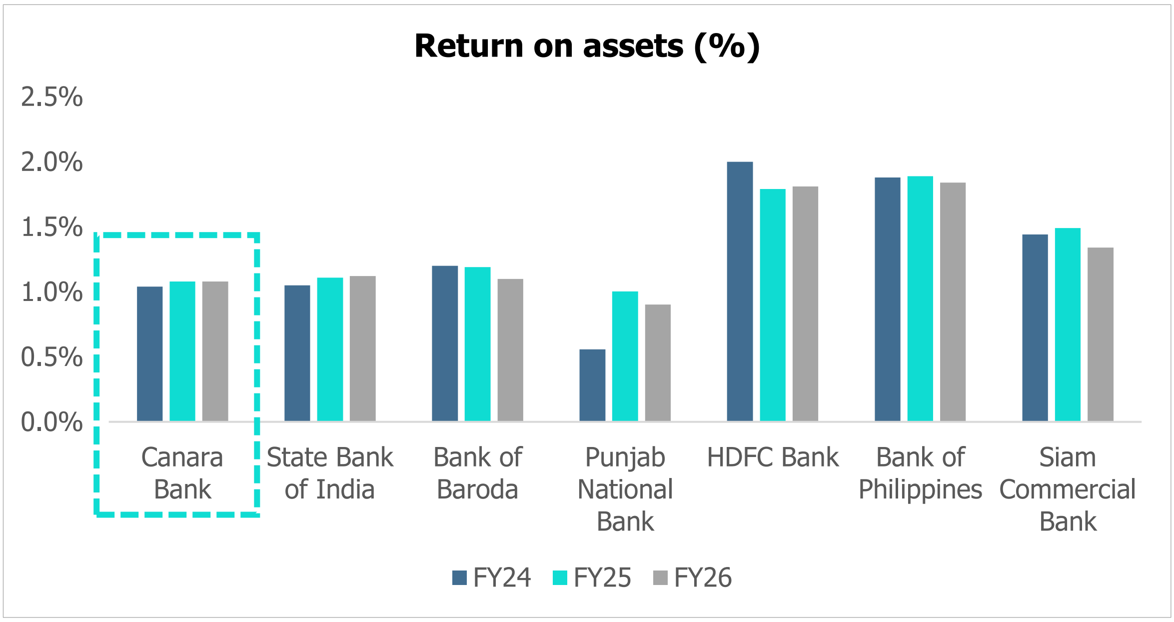
Canara Bank was established in 1906 and nationalised in 1969. Following the amalgamation with Syndicate Bank effective April 1, 2020, the bank emerged as one of India's leading PSBs. As of June 30, 2026, the bank had global advances of approximately Rs 12.9 trillion and deposits of Rs 16.1 trillion. The bank served more than 124 million customers through a network of over 10,000 branches and around 11,000 ATMs. Its lending portfolio is diversified across corporate (41%), retail (24%), agriculture (22%), and MSME (13%) segments. The GoI holds a 62.9% stake in the bank.

Comparison with other banks




Gross non-performing assets (%)
7%
6%
5%
4%
3%
2%
1%
0%
Canara Bank
State Bank of India
Bank of Baroda
Punjab National Bank
HDFC Bank
Bank of the Philippine Islands
Siam Commercial Bank
Mar'24
Mar'25
Mar'26


Capital adequacy ratio (%)
25%
20%
15%
10%
5%
0%
Canara Bank
State Bank of India
Bank of Baroda
Punjab National Bank
HDFC Bank
Bank of the Philippine Islands
Siam Commercial Bank
Mar'24
Mar'25
Mar'26



Recent updates and financial summary

Canara Bank's profit after tax rose 2.2% YoY to Rs 48.6 billion in Q1 FY27. As of June 30, 2026, total loan assets were about Rs 12.9 trillion and customer deposits about Rs 16.1 trillion. GNPA and NNPA ratios improved to 1.6% and 0.4%, respectively. CAR increased to 17.2%.

Key financial metrics (consolidated)

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
Total assets	Rs billion	15,201	17,211	18,779
Total income	Rs billion	1,392	1,527	1,531
Profit after tax	Rs billion	153	175	179
RoA	%	1.1	1.1	1.0

Key financial metrics (standalone)

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
Total assets	Rs billion	14,767	16,733	18,738
Profit after tax	Rs billion	146	170	192
CAR[2]	%	16.3	16.3	17.0
GNPA[2]	%	4.2	2.9	1.8
NNPA[2]	%	1.3	0.7	0.4
RoA	%	1.0	1.1	1.1

[2] As per reported financials

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of the instrument

Instrument	ISIN	Date of issuance	Coupon rate (%)	Maturity date	Issue size	Rating
Medium-term notes	-	-	-	-	USD 3 billion	CareEdge BBB+/Stable

Rating history

Instrument	Type	Rating	Date
Medium-term notes	Long-Term Foreign Currency	CareEdge BBB+/ Stable	September 23, 2026

Criteria applied

[CareEdge Global's Government Related Entity Rating Methodology]

[CareEdge Global's Financial Institutions Rating Methodology]

[CareEdge Global's Consolidation Methodology]

Analytical contacts
Ankit Kedia
ankit.kedia@careedgeglobal.com

Pankaj Chaplot
pankaj.chaplot@careedgeglobal.com

Shriya Chhaparwal
shriya.chhaparwal@careedgeglobal.com

Relationship contact
Aakash Jain
aakash.jain@careedgeglobal.com

Media contact
Mradul Mishra
mradul.mishra@careedge.in

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CareEdge Global IFSC Limited
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. Phone: +91-79-6519 0701 l www.careedgeglobal.com
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